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UNITED NATIONS
DEVELOPMENT
PROGRAMME

ENGLISH

APPROVAL OF UNDP ASSISTANCE TO A PROJECT OF
POLAND

IPF:(1992-96) $3 800 000

(POL/93/001) - Market Economy Institutions Programme (MEIP)

Date of approval by the AC:[1]	22 April 1993	
Expected duration:	Two years	
Proposed executing agency.	Government	
Government implementing agency:	Ministry of Privatization	
Proposed UNDP contribution:	$ 800 000	
Government cost sharing:	$1 000 000	
Third-party cost sharing:	$ 710 000	Source of funds: EC/Enterprises
Total UNDP budget:	$2 510 000	

Project background

Poland is the largest country in central Europe, with a market of 38 million people. It has a highly skilled, but low cost labor force.The country is geographically well place, bordering the European Community (EC) with its 350 million consumers, and is generally considered a natural conduit for the East-West trade. It is an associate member of the EC. Poland has relatively well-developed ports, an extensive road and rail system, and telecommunications infrastructure which has improved significantly over the past two years. By the end of 1991, Poland completed the transition from a Communist state to a multiparty democracy. Today it continues to make the transition from a centrally-planned to a market-driven economy. As part of its economic reform, strategy and move to a decentralized market-based economy, Poland has adopted an ambitious privatization programme. The cornerstone of the privatization programme is the transfer of state assets into private hands.

The privatization programme formally began in mid-1990 with the enactment of the Privatization Law for SOEs and the establishment of the Ministry of Privatization (MOP). The original goal of the Government was to transfer approximately one half of state-owned assets to private hands within the first three years of the programme. A large portion of state-owned assets are SOEs, for which the privatization strategy has been established with various paths of privatization depending on their size, ownership, strategic nature and degree of economic and financial viability. Given the large number of firms to be privatized, the time necessary to prepare them for privatization, and the business and social risks attached to the privatization programme, many SOEs will continue to operate in the medium term. Therefore, the efficiency and competitiveness of these enterprises must be enhanced so that they become viable candidates for successful privatization, and therefore generators of employment and girders of the market-driven economy. As a

[1] This Fact Sheet reflects the status of the project/revision at the time it was approved by the Action Committee; modifications to the project/revision may have occurred subsequently.

DEC 1993

preparatory stage toward privatization, the MOP is undertaking sectoral analysis. This entails analysis of:(1) key sectors to determine the domestic and international environments in which existing SOEs. of the sectors under examination operate; and (2) potential investor interest and requirements. The objective of the analysis is to obtain sufficient information on which to make decisions regarding privatization restructuring and liquidation of the companies in the sector.

Description of project

The Programme is intended to be a cost-effective mechanism to assist Poland's transition to a market economy by strengthening the institutional capacity of the Polish Privatization Programme. In this two-year pilot stage, operations are targeted in the designated four "voivodeships". The Programme has three main components: (1) pre/post-privatization technical advisory services; (2) market economy training; and (3) public awareness. Technical advisory services will be provided to a target group of enterprises in the programme regions before and after their privatization in order to ensure their continuous growth and competitiveness in a market economy.

The Programme also focuses on creating an environment which enables successful economic transition. To this end, the market economy training will be provided to increase human and institutional capabilities in the areas of privatization, entrepreneurship and regional economic development. In addition to enterprise management and regional government officials, training will especially target regional educational institutions, which will then take a lead in future training initiatives in the regions.

The public awareness component will be carried out through a series of "off-the-record" workshops directed at opinion leaders. The Programme will liaise and coordinate closely with other existing efforts taken by UNDP and other donors. It is also structured to invite other donors' future participation. Through such a linkage, the programme will also comprehensively address other important issues, though not directly related to its main activities but critical for its overall success, such as environmental issues, access to capital, investment promotion, trade development, and gender equality at work place. The structure of the programme is flexible in that it facilitates ongoing programming efforts between regional and central entities. The Programme also provides the Ministry of Privatization and regional authorities with the capability to mobilize resources required to meet new programme activities as well as resources required for its future replication to other regions of Poland.

Inputs

UNDP will provide a national programme manager and assistant (24 work-months each), four international advisers in privatization (18 work-months each); four UNVs (24 work-months each); group training for approximately 360; limited expendable equipment; and miscellaneous costs.

Financial data

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Personnel	709 800
Subcontract	7 200
Training	67 000
Miscellaneous	16 000
Total	800 000

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